

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Examine the  
Commission's Future Energy Efficiency Policies,  
Administration and Programs.

Rulemaking 01-08-028  
(Filed August 23, 2001)

**ASSIGNED COMMISSIONER'S RULING  
AND NOTICE OF WORKSHOPS TO UPDATE POLICY RULES  
AND RELATED TERMS AND DEFINITIONS FOR  
ENERGY EFFICIENCY PROGRAMS**

The purpose of this ruling is to initiate the process for updating the energy efficiency policy rules (Rules), and related terms and definitions. These updated Rules will provide direction to future program administrators and implementers for the development of post-2005 energy efficiency programs. They will also describe the policy context for updating evaluation, measurement and verification (EM&V) protocols, which is proceeding in a concurrent phase of this rulemaking. Therefore, the Rules need to reflect the Commission's goals for energy efficiency, as articulated in the Energy Action Plan and recent Commission decisions.

I believe that the current Energy Efficiency Policy Manual<sup>1</sup> is clearly outdated, as it was created in 2001 under an interim administrative structure

---

<sup>1</sup> The current version can be viewed at  
[www.cpuc.ca.gov/static/industry/electric/energy+efficiency/rulemaking/03eeproposalinfo.htm](http://www.cpuc.ca.gov/static/industry/electric/energy+efficiency/rulemaking/03eeproposalinfo.htm).

with the Commission responsible for program selection and portfolio management. In particular, much of this document is structured to provide guidance to implementers submitting proposals to Energy Division for staff review. The Commission is in the process of considering alternatives to this approach to program administration and will be finalizing its decision in the coming weeks. None of the administrative options proposed by the parties or presented in the draft decision before the Commission would retain staff in the role of program choice or portfolio management, as it performs those functions today. Therefore, I believe that the Rules need to be re-crafted to provide overall policy guidance, more along the lines of the pre-1998 policy rules, rather than represent a “how to” document for program submittals.

More importantly, the policies and funding criteria contained in the current Energy Efficiency Policy Manual were established prior to the development of the Energy Action Plan, which places energy efficiency back at the forefront of resource procurement activities in California. In particular, the plan establishes a loading order of energy resources that requires California to first optimize “all strategies for increasing conservation and energy efficiency to minimize increase in electricity and natural gas demand” before turning to supply-side resources.”<sup>2</sup> By Decision (D.) 04-09-060, the Commission translated this policy into specific, numerical goals for electricity and natural gas savings, underscoring that California’s “one high-level, overriding goal guiding its

---

<sup>2</sup> *Energy Action Plan*, 2003, p. 3. A copy of the plan is available on the Commission’s website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

energy efficiency efforts [is] to pursue all cost-effective energy efficiency opportunities.”<sup>3</sup>

The policy rules need to reflect this overriding goal in guiding program development and program evaluation. As I stated in my concurrence to D.04-09-060, since 2001 we have been evaluating program proposals and measuring the success of those programs by how many dollars we push out the door, by how geographically diverse the funding allocations are, and by how many entities receive funding. Instead, we need to go back to the fundamentals of looking at energy efficiency programs in the context of their resource value. This means that we need to evaluate programs and measure program performance by how much cost-effective savings are produced by energy efficiency, and by whether these efforts meet or exceed our savings goals.

For this purpose, I have asked Judge Gottstein to draft language for updated policy rules that reflects the Commission’s resource procurement goals and to lead a workshop discussion with all interested parties on the Rules document that will govern post-2005 energy efficiency activities. In the interest of moving forward with this process without delay, it is necessary to make certain assumptions concerning the future administrative structure for energy efficiency. Therefore, the draft Rules for workshop discussion will be crafted to reflect the administrative structure that Commissioner Rosenfeld and I have recommended to the Commission in the draft decision issued on November 29, 2004. In any event, most of the draft language should be relevant for any of the administrative structures being considered by the Commission.

---

<sup>3</sup> D.04-09-060, *mimeo.*, p. 22.

The updating process will proceed as follows: Judge Gottstein will issue a ruling describing the general areas of policy rules to be included in the updated Rules document, along with specific language on some or all of the proposed Rules for discussion purposes. She may also solicit pre-workshop written comments, as she deems appropriate. Judge Gottstein will hold a two-day workshop on February 15 and 16, 2005 to provide interested parties the opportunity to discuss the scope and content of the Rules document, including appropriate terms and definitions. Judge Gottstein may schedule additional workshops, if needed. Taking into consideration the workshop discussion, she will serve a second draft of the revised Rules and related terms/definitions to all parties for written comment. Based on those comments, the Commission, myself, Judge Gottstein or Energy Division shall update the Policy Manual and reference documents, as provided for by the Commission.<sup>4</sup> My goal is to issue the updated Rules no later than April 30, 2005.

---

<sup>4</sup> “Revisions to Policy Manual and Reference Documents: The Commission may consider updates and revisions to this manual, in whole or in part, at any time, upon request by interested parties or on its own initiative, when deemed warranted. This manual may also be updated by the Assigned Commissioner, the Assigned Administrative Law Judge, or the Energy Division.” Energy Efficiency Manual, Appendix A, p. 29, as adopted in D.01-11-066.

Therefore, **IT IS RULED that** a two-day workshop to discuss proposed energy efficiency policy rules and related terms and definitions will be held in the Commission's Training Room at 505 Van Ness Avenue, San Francisco, California from 9:30 a.m. to 5:00 p.m. on February 15 and 16, 2005.

Dated December 17, 2004, at San Francisco, California.

/s/ SUSAN P. KENNEDY  
\_\_\_\_\_  
Susan P. Kennedy  
Assigned Commissioner

**CERTIFICATE OF SERVICE**

I certify that I have by electronic mail served the attached Assigned Commissioner's Ruling and Notice of Workshops to Update Policy Rules and Related Terms and Definitions for Energy Efficiency Programs to the parties to which an electronic mail address has been provided, on all parties of record in this proceeding or their attorneys of record.

Dated December 17, 2004, at San Francisco, California.

/s/ TERESITA C. GALLARDO  
Teresita C. Gallardo

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

\*\*\*\*\*

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.